

This record is a partial extract of the original cable. The full text of the original cable is not available.

UNCLAS ROME 003981

SIPDIS

AIDAC

FROM U.S. MISSION IN ROME

STATE FOR PRM/P, EUR/WE, EUR/NE AND IO/EDA  
USAID FOR A/AID, AA/DCHA WINTER, DCHA/FFP/D LANDIS,  
DCHA/OFDA/D MCCONNELL AND AMENGHETTI  
USDA/FAS FOR CHAMBLISS/TILSWORTH/GAINOR  
GENEVA FOR RMA AND NKYLOH/USAID  
BRUSSELS FOR USAID PLERNER AND PRM REP  
USUN FOR MLUTZ

E.O. 12958: N/A

TAGS: [EAID](#) [EAGR](#) [PREF](#) [WFP](#) [UN](#)

SUBJECT: USG-WFP BILATERAL CONSULTATIONS IN WASHINGTON, DC,  
APRIL 23-25, 2003

-----  
Summary  
-----

1. Representatives of the United States Government (USG) and the United Nation's World Food Program (WFP) met in Washington for bilateral consultations April 23-25, 2003. Important issues discussed included the Iraq and southern Africa emergency responses; the level of cash balances presently maintained by WFP; emerging food aid donors; and WFP reporting to donors. End summary.

-----  
Background/participants  
-----

2. Welcome remarks were delivered (April 23) by U.S. Agency for International Development's (USAID) Deputy Assistant Administrator (DAA) for Democracy, Conflict and Humanitarian Assistance (DCHA), Bill Garvelink, and the Director of the Office of Food for Peace (DCHA/FFP), Lauren Landis.

3. Other USG representatives included: USAID's Jeanne Markunas, Jeffrey Drummond, Tim Lavelle (USMission/Rome), John Brooks (USMission/Rome), Jim Thompson, Angelique Crumbly, Carolyn Mutumba, Anne Ralte, Anita Menghetti, Don Gressett (GC), Dennis Weller, Melissa Ward, Susan Ouelette, Laurence Williams and Lauren Barbour. U.S. Department of Agriculture's (USDA) Mary Chambliss, Robin Tilsworth Rude, Babette Gainor and Vickie Hunter, also participated. State Department was represented by Sharon Kotok (IO/EDA), Jane Zimmerman and Mary Margaret Knutson (PRM).

4. WFP representation included Deputy Executive Director Sheila Sisulu, John Powell, Judith Lewis, Eric Whiting, Joe Scalise, Mike Usnick, Khaled Adly, Rebecca Doyle, Wendy Bingham, and Robin Jackson.

-----  
Review of WFP's Iraq and southern Africa emergency (EMOP) operations  
-----

5. The Iraq EMOP is an unprecedented endeavor, the largest single emergency food aid program ever undertaken by WFP. Many challenges still lie ahead, including:

- Re-commencement and continuing operation of the Iraqi Public Distribution (PDS) System through the Iraqi Ministry of Trade (MOT);
- Streamlining of regional logistics to move a minimum of 500,000 metric tons of foodstuffs into Iraq for monthly in-country distribution through MOT;
- Eventual transitioning from the PDS system to a free market system where food imports will be handled by the Iraqi private sector; and
- Gearing up for purchase of the local wheat harvest and assessment of all food stocks presently in country.

6. There was general USG appreciation as to what WFP had been able to accomplish to date. WFP proceeded to update on the actualization/renegotiation of some 191 contracts covering 1.4 million tons of cereals (valued at USD 691 million (excluding associated costs) contracted for by the previous government under the Oil-for-Food (OIF) Program (reference UN Security Council Resolutions 1472/1476). Note: The UN Security Council (SCR 1483) subsequently extended the timeline on renegotiation of the OIF contracts to November 21, 2003. End note.

7. On WFP's response to the 2002 southern Africa humanitarian crisis (with a combined donor response through

WFP July 2002-March 2003 equaling 892,000 mts), the following lessons learned were highlighted:

-Overall, the reports on diversions or under coverage problems were minimal and when reports of starvation did come in, the response was immediate (next day);

-WFP established partnerships with 54 NGOs operating in southern Africa as part of its implementation strategy. The WFP-USAID-NGO consortium in Malawi worked extremely well;

-HIV/AIDS is the next big issue to tackle in southern Africa and WFP would like to intensify its dialogue with FFP to further probe the linkages between nutrition and HIV. WFP is also in discussions with Family Health International (FHI) to direct more resources to HIV-affected people in southern Africa;

-WFP was strongly encouraged to strengthen its linkages on early warning and household food insecurity with the Southern Africa Development Community (SADC);

-When Ambassador Hall visited southern Africa (October 2002), he noticed that there are no national nutritional surveillance systems in place. This needs to be a high UN priority.

-----  
WFP Strategic Priorities  
-----

18. John Powell discussed WFP's draft Strategic Programming Strategy which will be formally presented to the October 2003 Executive Board. Draft WFP Strategic priorities were listed as follows:

-Saving lives in crises through better targeted interventions. This means more comprehensive early warning vulnerability assessments, including household food insecurity analysis;  
-Protecting livelihoods and increasing resilience through pre-designed programs and planning for post-shock rehabilitation in disaster situations;  
-Helping the most vulnerable to manage risk better;  
-Focusing on improving the nutritional status of children and vulnerable groups in critical times; and  
-Supporting access to primary education and gender equity.

19. Finally, John Powell commented on WFP's need to rethink its concept of "partnership" particularly with the non-governmental organizations (NGOs) and improve its overall knowledge base. Powell concluded by stating that this new approach involved no fundamental change in WFP's mandate, but rather a sharpening of focus.

-----  
"Emerging donors"  
-----

10. In 2001 WFP had its largest year ever in terms of fundraising (USD 1.8 billion), yet this year's needs dwarfs that number (needs have effectively doubled). How to cover this? Either every one of the traditional donors gives double, or WFP find new donors. The private sector provides possibilities, and WFP is proceeding to explore this avenue. But WFP believes that the best potential source at present is "emerging donors," i.e. countries that have food, but no cash to meet the associated costs. At present, the top 20 donors provide 99 percent of WFP's funds, and the US gives 60 percent of that total. If WFP had had the cash to move and distribute India's offer (October 2001) of one million tons of wheat for Afghanistan, India would have become WFP's second largest donor in one hit. How can WFP put these types of deals (cash/food) together? The private sector can provide cash, including international companies. Other possibilities include: a proposal that the G8 endorses a "twinning fund" of USD 500 million - that would leverage USD 1 billion of food. Also, if other countries, who normally give cash, were to allow more flexibility to WFP, then WFP could do more; however both present bilateral and Executive Board conventions and regulations prevent it. Note: WFP plans to engage with its membership in sorting out the modalities of a "twinning fund." End note.

11. With the private sector, TPG (the Dutch FEDEX-equivalent with an annual income of USD 12 billion) is

working (pro bono) to improve WFP logistics capacity in Sierra Leone and elsewhere, while encouraging TPG's 140,000 employees to sponsor children in WFP school feeding programs and to actually visit the benefited schools in developing countries. The Italian clothing firm United Colors of Benetton, funded an advertising campaign (featuring WFP) worth over USD 15 million. These ads introduced hunger and

food aid issues to an entire class of folk (age group/social status) who were beyond the horizon of WFP's traditional audience. The German computer software giant SAP, is developing further advertising for WFP under the cachet "WFP Runs SAP."

-----  
Issue: Level of actual cash balances maintained by WFP  
-----

12. WFP's cash balance is USD 968 million (as of the end of December 2002), of which USD 328 million is readily available for programming. The remaining USD 640 million constitutes Executive Board authorized reserves (Immediate Response Account, Operational Reserve, staff benefits, long-term loan with one member state, etc.) - or obligated commitments. The question was asked at the February 2003 Executive Board, "What's the appropriate level for a WFP working capital reserve?" WFP is working to provide that answer. It is clear that WFP needs to speed up its cash disbursement, i.e., faster implementation and less "conservative budgeting." WFP is intensively reviewing its budgeting process. "WFP is allowed by its rules to spend a confirmed donation without cash in hand.that's what we're going to do. We expect cash levels to decrease throughout this year. But one must understand that the size of the organization requires that we have sizable cash reserves to maintain a sound financial state." (Eric Whiting, WFP finance officer).

13. USG representatives showed concern for the large cash balance, echoing comments made by USDELS at previous WFP Executive Board sessions. USG noted that such large fund balances had a political dimension that could be problematic for the USG as the major donor to WFP. USG officials strongly encouraged WFP to reduce the overall level of its cash balance, and promptly return or renegotiate unutilized cash resources with/to the appropriate donors.

-----  
WFP Reporting Issues  
-----

14. DCHA/FFP commented that it has had difficulty in getting a response from WFP when requesting reports on some programs (i.e., information on beneficiaries, pipelines, etc).

15. It was recommended that DCHA/FFP Country Backstop Officers be able to consult with WFP about what is needed in the pipeline and when. It was noted that the WFP Southern Africa team in particular had been very responsive and cooperative, but that this was not always the case with other WFP offices. There is a felt need for more open communication in order to know where things stand in order to get call forwards approved on time. WFP field offices have intimate knowledge of the pipeline. DCHA/FFP noted that in the WFP regional offices, there seems to be some confusion as to what information should be shared with FFP, and hence the need to standardize these communications in order to get food to where it is needed as soon as possible. If necessary, WFP should share a written communication policy with their field offices. The shipment and procurement process takes several months and communication delays only result in further delays in the pipeline.

16. Moreover, both WFP and FFP are partners with many of the same NGOs. It is important that all implementing partners agree on 2 or 3 standard indicators to achieve greater results and come to agreement on a standardized system of results reporting.

17. USAID's Bureau for Policy and Program Coordination (PPC) AIDAC

FROM U.S. MISSION IN ROME

STATE FOR PRM/P, EUR/WE, EUR/NE AND IO/EDA  
USAID FOR A/AID, AA/DCHA WINTER, DCHA/FFP/D LANDIS,  
DCHA/OFDA/D MCCONNELL AND AMENGHETTI  
USDA/FAS FOR CHAMBLISS/TILSWORTH/GAINOR  
GENEVA FOR RMA AND NKYLOH/

reported on a workshop with UNICEF and various other partners, which agreed upon benchmarks for crude mortality rates and nutritional standards. The completion of a software package to standardize surveys and other ways of collecting data to make operational these implementing partner goals is pending. A database is also being created to help measure these benchmarks, particularly for tracking crude mortality rates. This database will enable implementing partners to identify trends. The database is a joint venture with the Center for Research on the Epidemiology of Disasters (CRED) and it will reflect data on internally displaced persons (IDPs), refugees, etc.

¶18. WFP agreed that it is in everyone's best interests to work together to standardize indicators and reporting mechanisms, in order to be able to accurately measure results. The expanded WFP office in Washington will be able to more actively take part in these performance-based exercises.

-----  
WFP and NGOs  
-----

¶19. The USG has received various complaints from NGOs (who have partnered with WFP) about receiving insufficient funds for end-distribution of food resources. There have been cases of 30-50 percent funding shortfalls, which at times have had to be covered by P.L. 480 section 202(e) funding grants by DCHA/FFP to the respective NGOs. Specifically, WFP seems to encounter cash-flow problems when dealing with NGOs. It is of extreme importance that payments be made on a timely basis or in advance. Smaller NGOs have great difficulty in making interim arrangements to compensate for WFP funding lapses.

¶20. WFP acknowledges that some country directors view NGOs as subcontractors and agrees that this view needs to be changed. An issue of contention for WFP is NGO pressure to make a firm commitment on tonnages, which isn't always possible for WFP until they receive all of the resources that they need to fully fund a program. Moreover, NGOs often do not get paperwork and contracts submitted to WFP on time. WFP needs to identify model partnerships with NGOs that do work and try to implement similar programs worldwide. WFP may also need to consult with NGOs and perhaps even hand-out surveys to get their feedback and suggestions on this issue.

¶21. Note: Five USAID missions complained to DCHA/FFP about this issue. It was pointed out that the U.S. Government might also be part of the problem since DCHA/OFDA and P.L. 480 Title II 202(e) funds have in the past been tapped to bridge the "gap." This may have inadvertently undermined NGO "leverage" in negotiating with WFP directly on this issue. End note.

¶22. There is a perception that WFP's definition of "partnership" with NGOs may be too narrow i.e., focuses principally on funding. Lauren Landis commented that WFP needs to reexamine its partnerships with NGOs on the operational side, in addition to the policy side. She recommended that WFP and DCHA/FFP take the initiative to form a technical working group with an array of partners that includes people who have a solid understanding of the cost structure/finances to address this issue on a global level. Tim Lavelle agreed that this has been a very contentious issue that continually resurfaces and it must be addressed. DCHA/FFP observed that there doesn't seem to be a centralization of authority with WFP for handling these matters, as most often NGO issues are typically left for the WFP Program Country Directors to address. It is in WFP's interest to enhance these partnerships, as they are a key to achieving better results and more accurate reporting.

-----  
Other issues  
-----

¶23. HIV/AIDS: WFP is putting together guidelines for UR/NE AND IO/EDA  
USAID FOR A/AID, AA/DCHA WINTER, DCHA/FFP/D LANDIS,  
DCHA/OFDA/D MCCONNELL AND AMENGHETTI  
USDA/FAS FOR CHAMBLISS/TILSWORTH/GAINOR  
GENEVA FOR RMA AND NKYLOH/USAID  
BRUSSELS FOR USAID PLERNER AND PRM REP  
USUN FOR MLUTZ

HIV/AIDS, food aid and emergencies. Southern Africa reminded us that HIV/AIDS is present in natural disasters (drought, etc.) as well as conflict. Note: Of all AIDS deaths in the world in 2001, one in six occurred in southern Africa. End note.

¶24. Staffing levels: The USG expects that the number of U.S. staff at UN agencies should be comparable to the level of contribution. While the U.S. contributes a large portion of the WFP budget, Americans comprise a small percentage of the staff (10.3 percent as of April 2003). WFP pointed out that the U.S. has about 25 percent of the senior management positions in the organization and asked that the USG provide greater numbers of junior professional officers (JPOs), as this was a proven method of enhancing individual country staff levels in UN agencies at its junior levels.

¶25. McGovern-Dole/Food for Education: WFP provided an update on its participation in the USDA-managed International Food for Education and Child Nutrition Program. USD 100 million in proposals have been submitted for 2003 funding (ten countries).

¶26. Biotechnology: USAID encouraged WFP to continue its current policy of complying with the laws of individual countries, but not to go beyond that.

¶27. September 2003 WTO discussions in Cancun: WFP reported hearing the increasing "drumbeat" that all food aid must be in cash. WFP's response: "It's where it goes to, not where it comes from.that's our message to WTO." Hall

NNNN

2003ROME03981 - Classification: UNCLASSIFIED